INSTRUMENT PREPARED BY VIRGINIA GAS AND OIL

ORDER RECORDED UNDER CODE OF VIRGINIA SECTION 45.1-361.26

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT:

RANGE RESOURCES - PMI

VIRGINIA GAS AND OIL BOARD VGOB DOCKET NO.: 89-0126-0009-85

RELIEF SOUGHT:

MODIFICATION OF THE OGCB NORA GAS FIELD RULES ORDER, ENTERED MARCH 26, 1989, AS AMENDED, TO ALLOW MORE THAN ONE COALBED GAS WELL TO BE DRILLED IN THE UNITS INDETIFIED ON EXHIBIT "A" HERETO

LEGAL DESCRIPTION:

DRILLING UNITS: 55BB, 55BC, 57BD, 58BC, 59BB, 59BC, 60AX, 60BC, 61AX, 62AZ, 62BA, 62BD, 63BD, 66BE, 69BG, 69BH, 70BG, 70BH, 71BG, 71BH, 72BG, LOCATED IN DICKENSON COUNTY, VIRGINA; SEE ANNEXED EXHIBIT "H2"

REPORT OF THE BOARD FINDINGS AND ORDER

- 1. <u>Hearing Date and Place</u>: This matter came on for hearing before the Virginia Gas and Oil Board (hereinafter "Board") at 9:00 a.m. on **November 17, 2015** at the Conference Center at the Russell County Office Facility, Lebanon, Virginia.
- 2. <u>Appearances:</u> James E. Kaiser of Wilhoit and Kaiser, appeared for the Applicant; and Paul Kugelman, Jr., Senior Assistant Attorney General was present to advise the Board.
- 3. <u>Jurisdiction and Notice</u>: Pursuant to Va. Code §§45.1-361.1 <u>et seq.</u>, as amended, the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by the Applicant, the Board also finds that the Applicant has (1) exercised due diligence in conducting a meaningful search of reasonably available sources to determine the identity and whereabouts of each gas and oil owner, coal owner, or mineral owner, or in the case of conflicting claims to the ownership of the coalbed

methane gas, each person identified by Applicant as a potential owner of the coalbed methane gas underlying the area described at paragraph 7.h below and in Exhibit "B" attached hereto; and (2) has given notice to all parties so identified (hereinafter sometimes "person(s)" whether referring to individuals, corporation, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) and entitled by §§ 45.1-361.19 and 45.1-361.20, Virginia Code, as amended, to notice of the Application, and (3) that the persons listed in the Notice of Hearing are the persons so identified by the Applicant. Further, the Board has caused notice of this hearing to be published as required by § 45.1-361.19.B., Virginia Code, as amended. Whereupon, the Board hereby finds that the notices given satisfy all statutory requirements, Board rule requirements and the minimum standards of State due process.

- 4. Amendments and Dismissals: None.
- 5. Relief Requested: (1) Modification of the Nora Gas Field Rules to allow more than one coalbed methane gas well to be drilled within each of the Nora Field Drilling Units identified above and in Exhibit "H2" attached hereto; and (2) for an administrative order providing that additional well permits may be issued in the Nora Field after the Application is filed and while it is pending.
- 6. Relief Granted: Available data and the evidence adduced at the hearing support Applicant's position that the production from the pool underlying the Nora Coal Bed Gas Field Drilling Units in question would be enhanced and benefit from in-field drilling; accordingly,
 - a. With regard to the Drilling Units described above and in Exhibit "H2" hereto, the Nora Coal Bed Gas Field Rules Order, OCGB order entered of March 26, 1989, is hereby amended to allow the Board's Designated Unit Operator in Drilling Units pooled by Board Order and the Well Operator/Permittee in voluntary Drilling Units to drill a total of two (2) wells, said total to include any previously permitted well(s), within the units affected by the Application and this Order;
 - b. In the event that an additional coalbed methane gas well(s) permitted and drilled after the entry of this order is located within the drilling window(s) of a Nora Coal Bed Gas Field Drilling Unit affected by this order, the production therefrom shall be solely attributed to and allocated to the Nora Drilling Unit within which the wells are located.
 - c. In the event a second well is proposed that is to be located outside the drilling window of any Nora Unit affected by this order and a permit application is submitted to the Division of Gas and Oil seeking such location exception, the Inspector shall assess the permit as follows:
 - (i) If a 58 acre square with the proposed well at its center lies entirely within Nora Drilling Units which are voluntary in nature and are not

subject to existing pooling order, the Inspector may grant or deny the location exception on a case-by-case basis according to standard procedures and provisions of the Nora Order which allow wells to be drilled outside the drilling windows; or

(ii) If a 58 acre square with the proposed well at its center lies entirely or partially within any Nora Drilling Unit(s) which is subject to existing pooling orders, the Inspector shall refer the permit application to the Board for its recommendations concerning correlative rights considerations, modification of pooling orders, and escrow provisions. Alternatively, the Unit Operator may present a pooling proposal directly to the Board prior to filing a permit application. No permit under this paragraph (ii) shall be issued until the Board has acted on the matter.

7. Special Findings:

- a. Applicant's proposed field rule modification is not an unreasonable or arbitrary exercise of the owner's right to explore for or produce gas;
- b. The Applicant's proposal would not unreasonably interfere with the present or future mining of coal or other minerals;
- c. The acreage to be embraced in the Drilling Units affected by and/or created by this Modification Order shall be as set forth above and in **Exhibit "H2"** attached hereto.
- d. The formations subject to this Modification Order are described in the OGCB Order entered March 26, 1989, as amended.
- e. The boundaries of the Drilling Units are the same as heretofore established by the OGCB Order entered March 26, 1989, as amended.
- f. Unit Operator's production simulations indicate that drilling of an additional well in each Unit could facilitate the recovery of an additional 250,000 MCF of gas per Unit within ten (10) years of drilling.
- g. The boundaries of any Drilling Units crated subsequent to this Modification Order shall be according to paragraph 6.c.ii. above and as defined by Board action specific to individual units.
- h. The acreage subject to this Modification Order is depicted in Exhibit "H2" attached hereto:
- i. Having considered the evidence presented, the Board found no reason to establish any allowable production rates for the wells contemplated by this

Modification Order;

- j. Except as herein specifically modified, the proposed Drilling Units in Exhibit "H2" shall be developed and produced in compliance with the OGCB Order entered on March 26, 1989 regarding the Nora Gas Field Rules, as amended.
- k. This Modification Order shall be effective as of the date of the hearing, to wit: November 17, 2015.
- 8. <u>Conclusion:</u> The relief granted hereby will assist in enhancing production from existing wells, will assist in more efficiently recovering coalbed methane gas from the area in question, prevent waste by more effectively extracting the resource, and will continue to protect the correlative rights of all owners and claimants. Therefore, the relief and all terms and provisions set forth above be and are hereby granted and IT IS SO ORDERED.
- 9. Effective Date: November 17, 2015.

DONE AND EXECUTED this 4 day of December, 2015 by a majority of the Virginia Gas and Oil Board.

Chairman, Bradley C. Lambert

8 Seattly C. Sambut

Rick Cooper

DONE AND PERFORMED this 4 day of December, 2015 by Order of the Virginia Gas and Oil Board.

Rick Cooper

Principal Executive to the staff, Virginia Gas and Oil Board

COMMONWEALTH OF VIRGINIA COUNTY OF RUSSELL

Acknowledged on this 45 day of December, 2015, personally before me a notary public in and for the Commonwealth of Virginia, appeared Bradley C. Lambert, being duly sworn did depose and say that he is the Chairman of the Virginia Gas and Oli Board and appeared Rick Cooper, being duly sworn did depose and say that he is Principal Executive to the staff of the Virginia Gas and Oil Board, that they executed the same and was authorized to do so.

> NOTARY
> PUBLIC
> REG. #262946
> MY COMMISSION
> EXPIRES
>
> WEALTH OF Sarah Jessee Gilmer, Notary Public SERVING NOTARY

262946

My Commission expires: July 31, 2017

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Page Number 6.

Exhibit "B" VGOB: 89-0126-0009-85

Dickenson-Russell Coal Company Maxxim Shared Services, LLC Attn: Steve Smith 5703 Crutchfield Drive Norton, VA 24273

ALPHA Land & Reserves, LLC Attn: Steve Smith 5703 Crutchfield Drive Norton, VA 24273

WBRD LLC Chad Mooney 5260 Irwin Road Huntington, WV 25705-3247

ACIN LLC Chad Mooney 5260 Irwin Road Huntington, WV 25705-3247

Jennifer B. Osborne 792 E. Meadows Rd. Moravian Falls, NC 28654

Kimberly Beshears 728 Haynes Road Hays, NC 28635

Benjamin Harrison and Ethel Beshears 2163 Big lvy Road Pulear, NC 28665

Susan B. Odom & Terry Odom 4007 Hazel Lane Greensboro, NC 27408

Bobby Kenneth White 1003 Boone Trail North Wilkesboro, NC 28659

Exhibit "B" VGOB: 89-0126-0009-85

Jessica & Allyn Morrow 428 Will Faw Rd. Millers Creek, NC 28651

Clarence & Debra J Truax, JR 238 Bugle Hill Lane Lurray, VA 22835

BS Powers Heirs: Elizabeth Ann Powers Branham 1972 Rose Ridge Clintwood, VA 24228

Darrell Wayne Powers PO Box 199 Clinchco, VA 24226

Gaynell & Clair Sykes 4845 Glcn Ivy Lane SW, Apt. 318 Roanoke, VA 24018

Jerry Wayne Powers 337 Whispering Woods Drive Bluff City, TN 27618

Rebecca Powers Sydnon 975 Dixie Road Greenville, TN 37743

Dickenson County School Board PO Box 1127 Clintwood, VA 24228

Theresa & Richard Scholz 6824 Bluegrass Drive Clarkston, MI 48346

Wayne & Katherine Grant P.O. Box 2015 Clintwood, VA 24228

Exhibit "B" VGOB: 89-0126-0009-85

Russell & Lora Sutherland 192 Oliver Lane Clintwood, VA 24228

Joseph R. & Deena McAfee 3103 Frying Pan Road Birchleaf, VA 24220

Ricky Ray Edwards 4014 Frying Pan Road Clintwood, VA 24228

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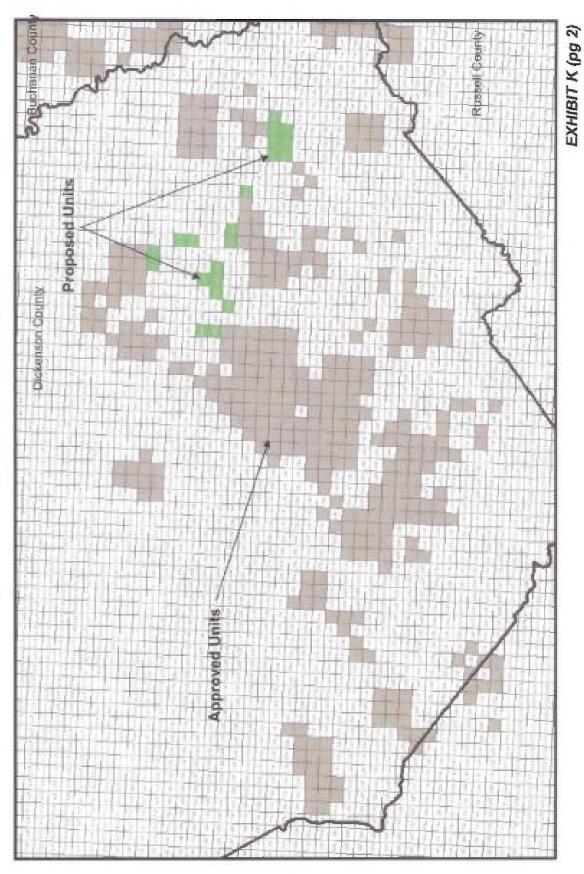
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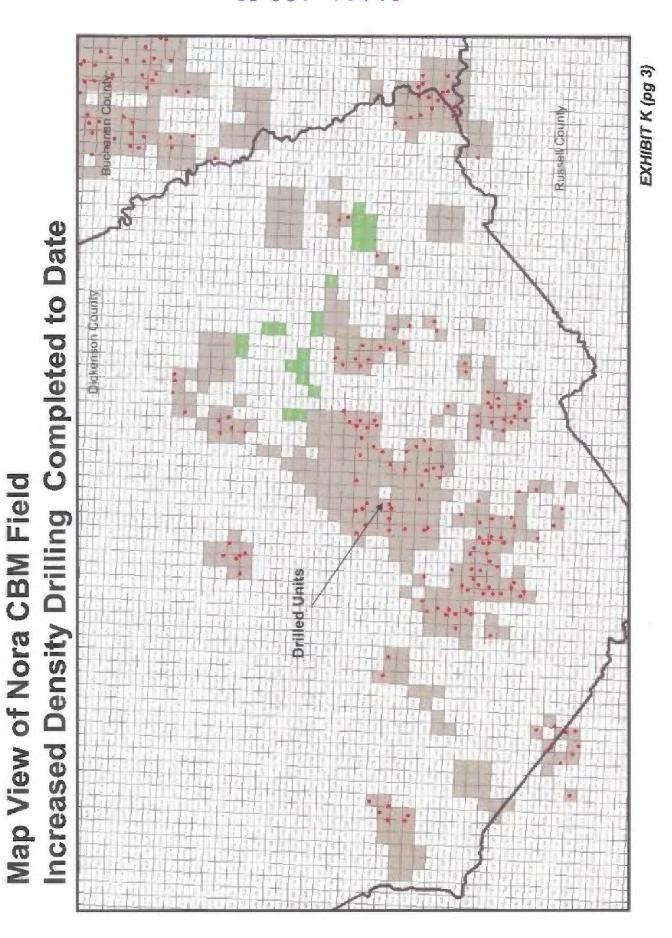
INCREASED DENSITY DRILLING

NORA FIELD

Increased Density Drilling Previously Board Approved Map View of Nora CBM Field

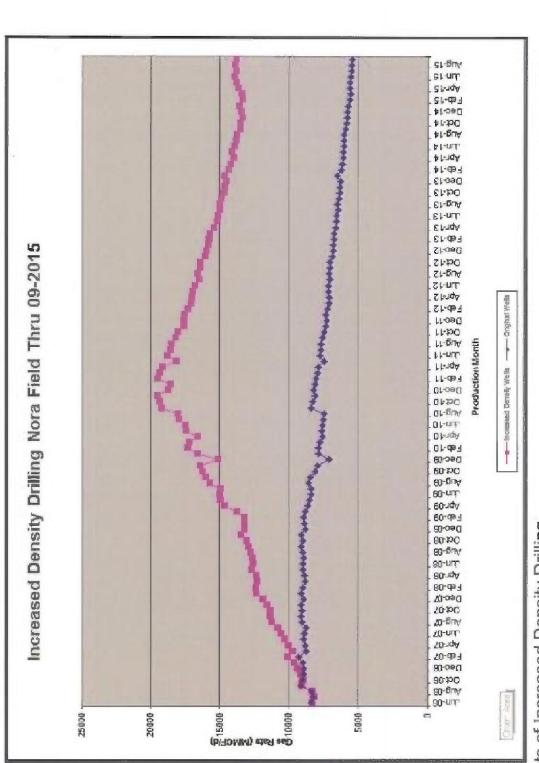


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Production represents 196 units

Infill drilling from 2006 - 2015

Increase fracturing network promoting gas flow at low pressure Benefits of Increased Density Drilling

Decrease de-watering time frame

Increase recovery factor of reservoir

Reservoir production achieved faster and more economical

 No significant negative impact to 1st well production, generally see improvement in existing production

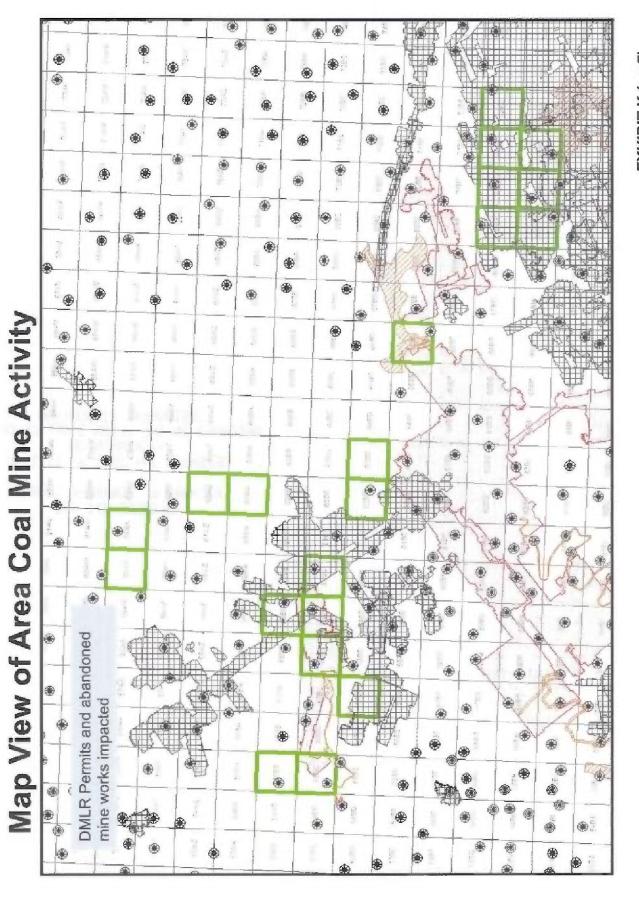
EXHIBIT K (pg5)

Summary of Increased Density Drilling

- Owners, and the State will benefit by Working Interest Owners, Royalty maximizing production
- resource and prevent waste by more effectively extracting the resource Promote conservation of the gas
- roads, pipelines, etc. to help minimize Allow for shared facilities such as environmental impact
- No correlative rights issues within proposed units

EXHIBIT K (pg 6)

Page Number 16.



INSTRUMENT OF SOLUTION OF RECORDER IN THE CLARK STOPPING OF UP TO STOPPING OF A STOPPI

HILHAMU A. EUMHADET ÜLERK MEGGRAND SYI WIS